

Message Text

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ORIGIN ARA-14

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FM SECSTATE WASHDC
TO AMEMBASSY MONTEVIDEO PRIORITY

C O N F I D E N T I A L STATE 135966

E.O. 11652:GDS

TAGS: SHUM, EFIN, EBRD, IDB, UY

SUBJECT: US WILL SUPPORT VOCATIONAL TRAINING LOAN TO
URUGUAY

REFERENCE: A) STATE 118545 B) MONTEVIDEO 1656 C) MONT. 1142
D) STATE 104260 E) MONT. 1687

1. APPRECIATE TIMELY SUBMISSION OF REF B. AFTER CONSIDER-
ATION OF THE EMBASSY'S RECOMMENDATION, WE HAVE DECIDED TO
SUPPORT THE \$8 MILLION IBRD VOCATIONAL TRAINING LOAN FOR
URUGUAY. THIS DECISION IS BASED ON THE FACT THAT THE LOAN
MEETS BASIC HUMAN NEEDS CRITERIA.

2.- AS-SUGGESTED IN REF B, AMBASSADOR PEREZ CALDAS WILL BE
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INFORMED OF OUR DECISION BY ARA/ECA DIRECTOR ZIMMERMANN.
THE AMBASSADOR WILL BE TOLD THAT OUR DECISION TO SUPPORT
THIS LOAN IS BASED PRIMARILY ON THE POSITIVE ACTIONS OF
THE GOU IN COOPERATING WITH THE RECENT NAS AND ABA VISITS.
IT WILL BE NOTED THAT US DESIRE TO COOPERATE IN FUTURE
LOANS WILL BE PREDICATED ON FURTHER POSITIVE DEVELOPMENTS,
INCLUDING IMPLEMENTATION OF RECOMMENDATIONS MADE BY THE

ABA MISSION. IT WILL BE NOTED THAT WE SEE SERIOUS PROBLEMS REMAINING AND WERE DISTURBED BY RECENT CASES CITED IN REF B.

3. ALTHOUGH THE EMBASSY COUNSELED AGAINST A DIRECT APPROACH TO THE GOU ON THE \$108 MILLION UTE POWER PROJECT LOAN (REF C), THE DEPARTMENT BELIEVES IT IS APPROPRIATE TO LINK IT TO OUR SUPPORT OF THE VOCATIONAL TRAINING LOAN IN ORDER TO EXPLAIN THE DIFFERENCE IN THE US APPROACH TO THE TWO LOANS. THE VOCATIONAL TRAINING LOAN WAS DETERMINED TO MEET BASIC HUMAN NEEDS. THIS GAVE US THE FLEXIBILITY UNDER US LAW TO ACKNOWLEDGE GOU COOPERATION IN THE NAS AND ABA VISITS BY SUPPORTING THE LOAN. HOWEVER, THE UTE LOAN WILL NOT OFFER THIS FLEXIBILITY, AND WE MUST BE ABLE TO CITE SIGNIFICANT IMPROVEMENTS SUCH AS IMPLEMENTATION OF THE ABA RECOMMENDATIONS AND OTHER MEASURES TO JUSTIFY SUPPORTING THE LOAN UNDER THE LAW WHEN IT EVENTUALLY COMES FORWARD FOR A DECISION. IF SUCH A DISTINCTION IS NOT MADE NOW, WE ARE APT TO CONFUSE THE GOU MILITARY AND LIBERAL CIVILIAN OFFICIALS LATER IF WE FIND IT NECESSARY TO OPPOSE THE UTE LOAN.

4. IT WOULD BE CONSISTENT, IF WE ADVISE THE GOU DIRECTLY AND BEFOREHAND OF OUR AFFIRMATIVE DECISION ON THE VOCATIONAL TRAINING LOAN, TO AVOID DISSIPATING THE POSITIVE EFFECT OF THIS VOTE BY A LATER MISUNDERSTANDING OVER THE LARGER AND MORE IMPORTANT LOAN IF WE CANNOT
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SUPPORT IT. SINCE THE UTE LOAN IS NOT EXPECTED TO COME UP FOR DECISION BEFORE NEXT YEAR (REF E), THIS LINKAGE CAN BE MADE IN A VERY LOW-KEY MANNER WHICH WOULD STILL AVOID THE DANGER OF GOU CONFUSION OVER OUR SUPPORT OF THE VOCATIONAL TRAINING LOAN. HOWEVER, WE WILL NOT LINK THE TWO LOANS UNTIL RECEIVING YOUR REACTION TO THE PROPOSAL. THE VOCATIONAL TRAINING LOAN IS SCHEDULED FOR CONSIDERATION BY THE IBRD BOARD ON JUNE 13. YOUR VIEWS SHOULD BE RECEIVED IN WASHINGTON BY COB JUNE 1 SO THAT AT LEAST ONE WEEK'S NOTIFICATION WILL BE GIVEN THE URUGUAYANS. THEY SHOULD UNDERSTAND THAT THE STATUS QUO IS NOT GOOD ENOUGH TO ALLOW ADDITIONAL POSITIVE VOTES IN THE FUTURE ON NON BHN LOANS, NOR WILL THIS VOTE INDICATE ANY AUTOMATIC APPROVAL OF BHN LOANS.
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Message Attributes

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